MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BSM3104 – STRATEGIC MANAGEMENT

(All sections / Groups)

10 MARCH 2020
9.00 am – 11.00 am
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of TWO sections in 2 pages *(excluding this cover page).*

2. Answer **ALL** questions:
   Section A: Case study (40 marks)
   Section B: Essay questions (60 marks)

3. Please write your answers in the answer booklet provided.

SECTION A: CASE STUDY (40 MARKS)

Instruction: Read the case carefully and answer **ALL THREE (3)** questions at the end of the case. Your answers should not be limited to the content of the case.

Parkson Closes Store 18 Months after Opening

KUALA LUMPUR (Aug 6): Department store operator Parkson Corp Sdn Bhd, which has closed its 20-year-old store in Suria KLCC earlier this year, has closed another store — the Parkson M Square Mall in Puchong, Selangor. The store, which closed on June 30, was operated for a mere 18 months.

When contacted, a spokesperson from Parkson who confirmed the closure said sales were below expectations.

"The retail market is very dynamic. New store opening and closure is part and parcel of our business. In Malaysia, shopping malls are mushrooming everywhere and the demographics are ever changing. Understandably, we are always cautious and selective when choosing new store locations. However, when sales do not meet expectations, we have to cut losses and move on", the spokesperson told theedgemarkets.com via e-mail.

The spokesperson also pointed out that despite the very difficult and challenging market conditions in a shrinking disposable income market, Parkson still managed to achieve sales growth for the department store category in excess of 5% by March 31, 2019.

This is based on data compiled by Retail Group Malaysia on behalf of Malaysia Retailers Association (MRA) which saw the department store category expanded by 2.5% in the July to September 2018 quarter, by 1% in the October to December 2018 quarter and by a marginal 0.8% growth in January-March 2019.

Parkson, a Lion Group company, in its results announcement to Bursa Malaysia for the third quarter ended March 31, 2019, said revenue grew by only 2% to RM788 million from a year ago following the closure of underperforming stores.

"Savings arising from stores' rationalisation and improved operating efficiencies have enabled the operations gain profits of RM1 million", said the spokesperson.

"As mentioned, shopper demographics are constantly evolving and we will continue to pursue new location opportunities; and where necessary, undertake closure and resizing of existing stores. As of now, we have 43 operating stores", the spokesperson added.

The Puchong M Square Mall, located in Millenia City, near Puchong Perdana, was launched in January 2018. The store had 32,516 sq m of retail space, including two levels of carpark. Apart from the department store, the retailer also offered a Foodpark Supermarket by Parkson, which is a gourmet supermarket and food hall.

Continued...

Parkson has closed several stores since 2017 including stores in Megamall Kuantan (September 2017) and Melaka Mall (in December 2017) after operating for 10 years. Subsequently, the business has also closed other stores in Maju Junction and Sungei Wang in 2018.

The home-grown retailer had a total of 42 stores in 2015, 44 stores in 2016, 45 stores in 2017, and 44 stores in 2018.

Source: Ganesan, V. (2019), The Edge Markets

1. Explain the main issue based on case study. (10 marks)

2. Analyse the issue by using SWOT analysis. (20 marks)

3. If you are one of the top managements in the company, what will you do to solve the issue? (10 marks)

SECTION B: ESSAY QUESTIONS (60 MARKS)

QUESTION 1

a. Which stage in the strategic-management process is the most difficult? Explain why. (10 marks)

b. What should an organisation do to reduce the risk of doing international business? (10 marks)

QUESTION 2

a. When should an organisation formulate a forward integration strategy? (10 marks)

b. What are the **FIVE (5)** major components of an effective mission statement? (10 marks)

QUESTION 3

a. Describe the controlling function of management. List the **FOUR (4)** basic steps that comprise this function in your description. (10 marks)

b. Why an annual objective is essential for strategy implementation? (10 marks)

End of Page